MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR END AND FOURTH QUARTER
FISCAL 2018

September 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management Discussion and Analysis ("MD&A") is a review of the results of operations, the liquidity and the capital resources of Orbit Garant Drilling Inc. This discussion contains forward-looking statements. Please see ''Forward-Looking Statements'' for a discussion of the risks, uncertainties and assumptions relating to these statements.

This MD&A should be read in conjunction with the audited consolidated financial statements for the fiscal years ended June 30, 2018 ("Fiscal 2018") and June 30, 2017 ("Fiscal 2017") and the notes thereto which are available on the SEDAR website at WWW.sedar.com.

The Company's Fiscal 2018 audited consolidated financial statements and the accompanying notes were prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars, except when otherwise noted.

In this MD&A, references to the "Company" or to "Orbit Garant" shall mean, as the context may require, either Orbit Garant Drilling Inc. or Orbit Garant Drilling Inc. together with its wholly owned subsidiaries.

This MD&A is dated September 12, 2018. Disclosure contained in this document is current to that date unless otherwise stated.

Percentage calculations are based on numbers in the Financial Statements and may not correspond to rounded figures presented in this MD&A.

Additional information relating to the Company, including the Company's Annual Information Form for the most recently completed fiscal year, can be found on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Securities laws encourage companies to disclose forward-looking information in order for investors to have a better understanding of a company's future prospects and make informed investment decisions.

This MD&A contains forward-looking statements about the Company's objectives, strategies, financial condition, results of operations, cash flows and businesses. These statements are "forward-looking" because they are based on current expectations, estimates and assumptions about: the markets in which the Company operates; the world economic climate as it relates to the mining industry; the Canadian economic environment; and the Company's ability to attract and retain customers and to manage its assets and operating costs.

Actual results could be materially different from expectations if known or unknown risks affect the business, or if estimates or assumptions turn out to be inaccurate. The Company does not guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place reliance on these forward-looking statements.

The Company disclaims any intention and assumes no obligation to update any forward-looking statement, even if new information becomes available, as a result of future events or for any other reasons except in accordance with applicable securities laws. Risks that could cause the Company's actual results to materially differ from its current expectations are discussed in this MD&A. For a more complete discussion of the risk factors that could cause the Company's actual results to materially differ from its current expectations, please refer to the Company's Annual Information Form dated September 12, 2018, accessible via www.sedar.com.

FISCAL 2018 SUMMARY

- Revenue increased 38.3% to $173.1 million, compared to $125.2 million in Fiscal 2017
- Gross margin increased to 12.4% from 6.4% in Fiscal 2017
- Adjusted gross margin(1) (excluding depreciation expense) increased to 17.0%, from 13.4% in Fiscal 2017
- EBITDA(1) increased to $14.7 million, compared to $2.7 million in Fiscal 2017
- Net earnings were $4.5 million, compared to a net loss of $5.9 million in Fiscal 2017
- Metres drilled in Fiscal 2018 totalled 1,537,212, an increase of 18.9% compared to 1,293,350 metres drilled in Fiscal 2017

(1) See Reconciliation of non-IFRS measures

Orbit Garant has now achieved fourteen consecutive quarters of year-over-year growth in revenue including the fourth quarter of Fiscal 2018 ("Q4 FY2018"). The Company's $173.1 million in revenue for fiscal 2018 represents a record high in total revenue for a fiscal year. Orbit Garant's revenue growth reflects: i) increasing customer demand and drilling volumes in Canada; and ii) increased international business activity resulting from the Company's expansion of its international operations in strategic markets. With the significant increase in drilling volumes, Orbit Garant has been expanding its workforce and investing in training of less experienced drillers on certain projects, which negatively impacted productivity levels during the year.

CORPORATE OVERVIEW

Orbit Garant (TSX: OGD) is one of the largest Canadian-based mineral drilling companies, with 221 drill rigs and more than 1,200 employees. Headquartered in Val-d'Or, Québec, the Company provides both underground and surface drilling services in Canada and internationally to major, intermediate and junior mining companies, through each stage of mineral exploration, mine development and production. Orbit Garant also provides geotechnical and water drilling services to mining or mineral exploration companies, engineering and environmental consultant firms, and government agencies. The majority of Orbit Garant's business activity is currently conducted in Canada. The Company has regional offices and facilities in Sudbury, Ontario and Moncton, New Brunswick, to support its Canadian business activities. Orbit Garant has worked on international projects in the United States, Mexico, Guyana, Chile, Kazakhstan, and West Africa. The Company has established international operating subsidiaries in: Santiago, Chile; Lima, Peru; Georgetown, Guyana; Ouagadougou, Burkina Faso; and Takoradi, Ghana, to support its international operations.

Orbit Garant has a comprehensive infrastructure that is vertically integrated with its Val-d'Or, Québec, based subsidiary, Soudure Royale, which manufactures drill rigs for the Company and third parties. Soudure Royale provides the Company with a competitive advantage in the provision of drilling services and equipment. Orbit Garant focuses on "specialized drilling", which refers to drilling projects that are in remote locations or, in the opinion of Management, because of the scope, complexity or technical nature of the work, cannot be undertaken by smaller conventional drilling companies.

The Company has two operating segments: Canada (including surface drilling, underground drilling and manufacturing Canada), and International.

For Fiscal 2018:

- Specialized drilling services, which typically generate a higher gross margin than conventional drilling services, accounted for approximately 60% of the Company's total revenue, compared to 53% in Fiscal 2017.

- Approximately 62% of the Company's revenues were generated by gold related operations, and approximately 38% were generated by base metal related and other operations.
- Surface and underground drilling services accounted for approximately 61% and 39%, respectively, of the Company's revenue.
- Approximately 81% of Orbit Garant's revenue was generated from major and intermediate mining company projects, compared to 79% in Fiscal 2017. Orbit Garant's drilling contracts with major and intermediate customers are typically from one to five years in length.
- Approximately 70% of Orbit Garant's revenue was generated from domestic drilling projects, and approximately 30% was generated from international drilling contracts.

BUSINESS STRATEGY

Orbit Garant's goal is to be the leading Canadian-based mineral drilling company. This will be achieved through the pursuit of both domestic and international market opportunities and through the provision of best-in-class underground and surface drilling services, equipment and personnel for all stages of the mining and minerals business, including exploration, development and production. The Company employs the following business strategies:

- Focus primarily on major and well-financed intermediate mining and exploration companies operating in stable jurisdictions;
- Provide conventional, specialized and geotechnical drilling services;
- Manufacture customized drills and equipment to fit the needs of customers;
- Maintain a commitment to technological innovation and advanced drilling technologies, such as the Company's current implementation of computerized monitoring and control technologies;
- Provide training for the Company's personnel to continuously improve labour efficiency and the availability of a skilled labour force;
- Maintain a high level of health and safety standards in the workplace and promote protection of the environment;
- Establish and maintain long-term relationships with customers;
- Cross-sell drilling services to existing customers;
- Expand the Company's base of operations in strategic regions, such as the Company's acquisition of, Orbit Garant Chile S.A. ("OG Chile") based in Santiago, Chile, in December 2015;
- Maintain a sound balance sheet and a judicious deployment of capital; and
- Evaluate strategic acquisition opportunities to enhance value for the Company's stakeholders.

INDUSTRY OVERVIEW

Orbit Garant provides drilling services, in Canada and internationally, to the minerals industry through all stages of mine development, from exploration through production. Client mining companies consist of major (or senior), intermediate, and junior companies (which generally focus on exploration only). Mining companies' budgets for external drilling services, such as those offered by Orbit Garant, are typically determined by ferrous (iron) and non-ferrous (precious and base) metals prices, and the availability of capital to finance exploration (particularly in the case of juniors) and development programs, and/or ongoing mining operations.

Gold

Gold prices are determined by the balance between supply (primarily mine production) and the many sources of demand including global demand for gold jewelry, investment demand, and to a much lesser extent, demand from industrial applications. Following a prolonged rally in the price of gold that started in 2001 and resulted in a peak price

of more than US$1,900 per ounce in September 2011, the price of gold entered a period of overall decline starting in January 2013, when it was at approximately US$1,700 per ounce. The spot price of gold reached a trailing five-year price low of approximately US$1,049 per ounce in December 2015. Gold strengthened in 2016 and 2017, reaching yearly highs of approximately US$1,375 per ounce and US$1,358 per ounce, respectively. The spot price of gold was approximately US$1,306 per ounce on January 1, 2018. At the time of this report, the spot price of gold was approximately US$1,211 per ounce, an increase of 14% from its trailing five-year price low in December 2015, and a decrease of 7% since the start of 2018.

Base Metals

Base metals' prices generally reflect global economic conditions, as these metals are used primarily in infrastructure, industrial and manufacturing applications. Demand from emerging markets, particularly China and India, has a major influence on base metals markets. As emerging markets advance their economic development, their infrastructure and industrial bases expand. Further, residents typically become more affluent, driving increased demand for manufactured goods.

Aluminum, copper, lead, nickel and zinc are the primary base metals. At the time of this report, the respective spot prices for aluminum, copper, lead and zinc were lower than 12 months ago, while nickel was higher than 12 months ago. The spot price for copper, the metal widely considered to be the most sensitive to macroeconomic activity, was approximately US$3.03 per pound a year ago and at the time of this report was approximately US$2.68 per pound, a decrease of 12%. The spot prices for each of the primary base metals are currently at or near the mid-point of their respective trailing five-year price ranges.

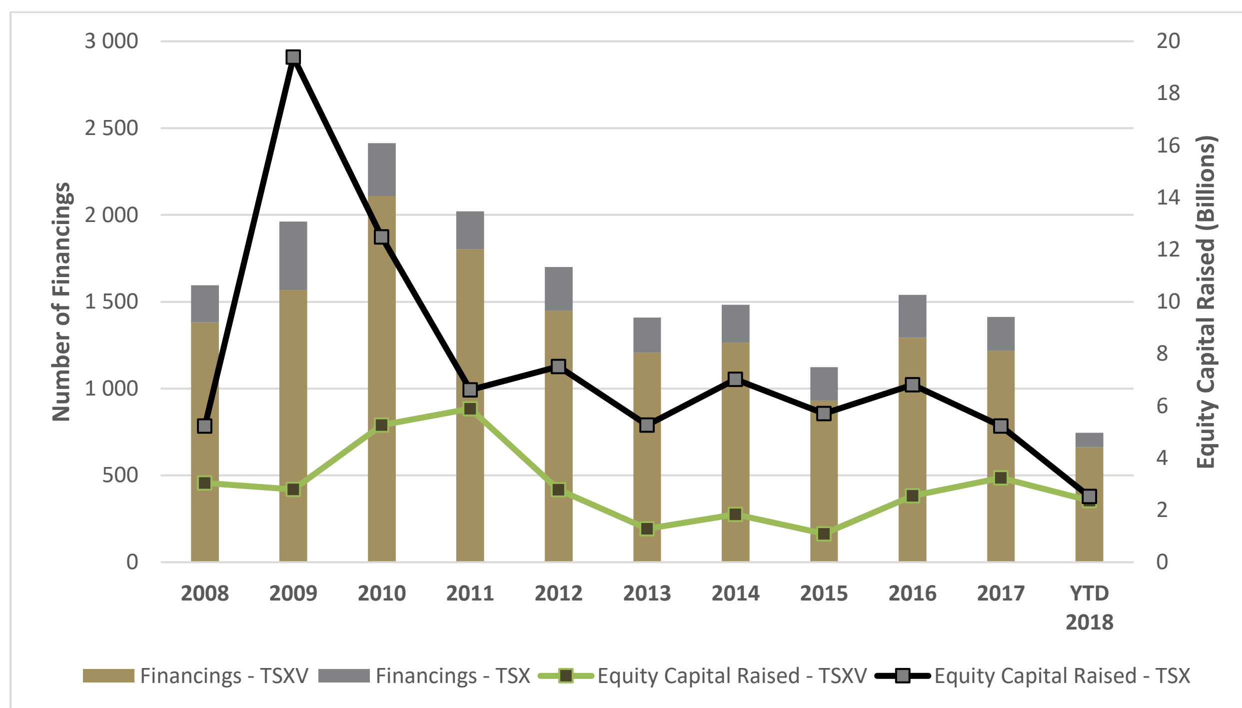
Iron Ore

Iron ore prices are determined by the global demand for steel, as more than 95% of mined iron ore is used to make steel. As both the world's largest consumer and producer of steel, China is widely regarded as having the most influence on global iron ore market prices. Continuing urbanization of the world's population, particularly in China and India, the world's most populous countries, is fueling global steel consumption, and long-term demand is expected to continue to trend higher. In the short term, the spot price of iron ore is principally affected by seasonal effects, short term mismatches between supply and demand and other factors. At the time of this report, the spot price of iron ore was approximately US$68 per tonne, compared to approximately US$75 per tonne one year ago. Iron ore remains well below its trailing five-year high of approximately US$150 per tonne.

Market Participants

A recovery in the mining sector began in early 2016 after a prolonged market downturn. Metal prices have increased from their lows that year, resulting in heightened investor interest in mining equities and improved mining equity valuations compared to the market bottom. Mining companies have experienced improved access to capital since early 2016. According to TMX Group, mining companies listed on the Toronto Stock Exchange ("TSX") and TSX-Venture exchanges completed 1,540 financings in 2016 and 1,413 financings in 2017, respectively, raising total equity capital of $9.4 billion in 2016 and $8.5 billion in 2017. By comparison, miners completed just 1,123 financings in 2015 and raised $6.8 billion of equity capital. The improved financing activity continued into 2018. During the first seven months of the year, mining companies on the TSX and TSX-Venture exchanges completed 746 financings that raised approximately $4.9 billion, TMX data shows. That compares to 828 financings that raised $4.4 billion in the same period in 2017, which was another strong year. However, market conditions weakened during the summer of 2018. Metal prices have declined since mid-June, triggering a significant drop in mining equity valuations. Accordingly, financing activity has begun to slow down. During the month of July 2018, mining companies on the TSX and TSX-Venture exchanges completed 96 financings that raised just $490 million of equity capital, according to TMX Group. That compares to 123 financings in July 2017, which raised $584 million.

TSX / TSX-V Mining Sector Financings (2008 to 2018)



Despite the market slowdown during the summer of 2018, the mining sector is in a stronger capital position than it was at the start of 2016 due to the significant funds raised since that date. While management has noted the recent decline in financing and its potential impact on exploration budgets, it is encouraged by the relative increase in the levels of mineral exploration spending in Canada and internationally, and the higher drill utilization rates across the industry compared to the market conditions prior to 2016.

According to research published by S&P Global Market Intelligence (World Exploration Trends, March 2018) global exploration spending for nonferrous metals increased to an estimated US$8.4 billion in 2017, compared to US$7.3 billion in 2016. This represented the first annual increase in global exploration spending since 2012, following four consecutive years of declining expenditures. S&P Global Market Intelligence forecasts that global exploration spending for nonferrous metals for 2018 will increase by a further 15% to 20% year-over-year.

According to Natural Resources Canada's latest national survey on mineral exploration and deposit appraisal expenditures (March 2018), mining companies in Canada spent $2.1 billion on these activities in 2017, an increase of 29.6% compared to $1.6 billion in 2016. Natural Resources Canada forecasts that 2018 mineral exploration and deposit appraisal expenditures in Canada will increase 6.0% from 2017 levels, based on reported spending intentions.

OVERALL PERFORMANCE

Revenue for the Fiscal year ended June 30, 2018 was $173.1 million, an increase of 38.3% from $125.2 million in Fiscal 2017.

Gross margin percentage for Fiscal 2018 was 12.4%, up from 6.4% for Fiscal 2017. Drilling volume improved in both Canada and International, including increased specialized drilling activity.

The increase in both revenue and gross margins contributed to net earnings of $4.5 million, or $0.12 per share, for Fiscal 2018, compared to a net loss of $5.9 million, or $0.17 per share, for Fiscal 2017. Earnings before interest, taxes, depreciation and amortization ("EBITDA" – see Reconciliation of non-IFRS measures) totalled $14.7 million in Fiscal 2018, compared to $2.7 million in Fiscal 2017.

Results of operations for the year ended June 30, 2018

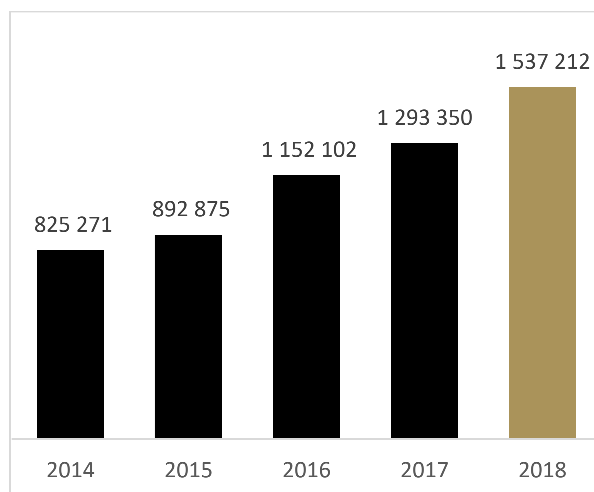
FISCAL YEAR ENDED JUNE 30 * ($millions)	Fiscal 2018	Fiscal 2017	2018 vs. 2017 Variance
Revenue *	**173.1**	125.2	**47.9**
Gross profit *	**21.5**	8.0	**13.5**
Gross margin (%)	**12.4**	6.4	**6.0**
Adjusted gross margin (%) (1)	**17.0**	13.4	**3.6**
Net earnings (loss) *	**4.5**	(5.9)	**10.4**
Net earnings (loss) per common share - Basic ($)	**0.12**	(0.17)	**0.29**
- Diluted ($)	**0.12**	(0.17)	**0.29**
EBITDA * (2)	**14.7**	2.7	**12.0**
Metres drilled	**1,537,212**	1,293,350	**243,862**

(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"
(2) EBITDA = Earnings before interest, taxes, depreciation and amortization. See "Reconciliation of non-IFRS financial measures"

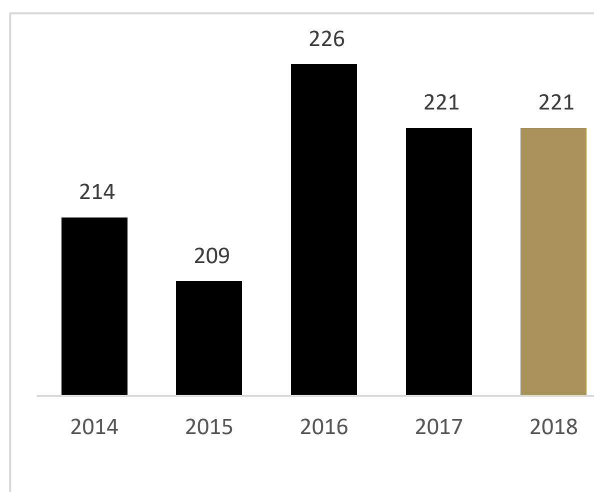
During Fiscal 2018, Orbit Garant drilled 1,537,212 metres, an 18.9% increase from 1,293,350 metres drilled in Fiscal 2017. The Company's average revenue per metre drilled in Fiscal 2018 was $112.29, an increase of 16.3% from $96.53 in Fiscal 2017. The increase in average revenue per metre drilled is primarily attributable to the Company's specialized drilling activity in Chile, which is priced at a higher rate than conventional drilling.

The Company had 221 drill rigs as at June 30, 2018, the same number as at the end of Fiscal 2017. During Fiscal 2018, Soudure Royale manufactured nine new drill rigs, including two new computerized drill rigs, while eight conventional drill rigs were dismantled and one was sold.

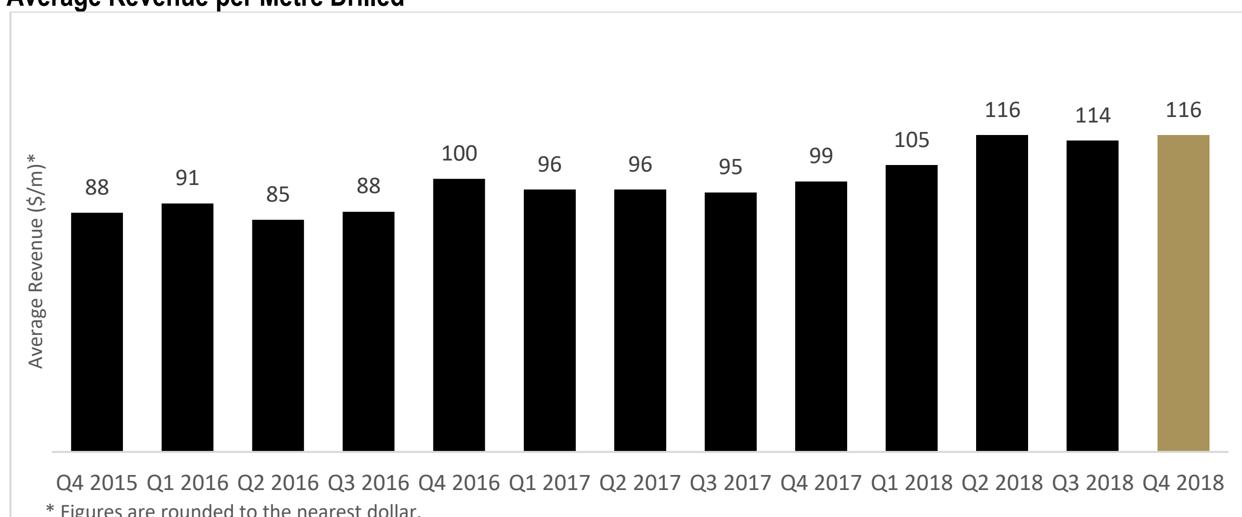
Metres Drilled



Number of Drills



Average Revenue per Metre Drilled



* Figures are rounded to the nearest dollar.

SELECTED ANNUAL FINANCIAL INFORMATION

For the year ended June 30 *($millions)	Fiscal 2018	Fiscal 2017	Fiscal 2016
Contract revenue			
Drilling Canada *	**120.9**	99.3	92.4
Drilling International *	**52.2**	25.9	15.1
Total *	**173.1**	125.2	107.5
Gross profit *	**21.5**	8.0	10.2
Gross margin (%)	**12.4**	6.4	9.5
Adjusted gross margin (%) (1)	**17.0**	13.4	18.1
Negative goodwill *	**-**	-	5.0
Net earnings (loss) *	**4.5**	(5.9)	(0.2)
Net earnings (loss) per common share ($)	**0.12**	(0.17)	(0.01)
Net earnings (loss) per common share diluted ($)	**0.12**	(0.17)	(0.01)
Total assets *	**123.3**	111.4	105.2
Long term debt including current portion *	**20.0**	17.0	9.3
EBITDA * (2)	**14.7**	2.7	11.1
EBITDA % (2)	**8.5**	2.2	10.3
Total metres drilled (million)	**1.5**	1.3	1.2

(1) Reflects gross margin, excluding depreciation expenses. See "Reconciliation of non-IFRS financial measures"
(2) EBITDA = Earnings before interest, taxes, depreciation and amortization. See "Reconciliation of non-IFRS financial measures".

RESULTS OF OPERATIONS

FISCAL 2018 COMPARED TO FISCAL 2017

Contract Revenue

Revenue in Fiscal 2018 totalled $173.1million, an increase of $47.9 million, or 38.3%, from $125.2 million in Fiscal 2017. Revenue growth was primarily attributable to an increase in domestic and international metres drilled, and a higher proportion of specialized drilling activity.

Canada revenue was $120.9 million in Fiscal 2018, an increase of $21.6 million, or 21.8%, from $99.3 million in Fiscal 2017. The increase was primarily attributable to a higher number of metres drilled, increased specialized drilling activity and higher pricing on certain contracts.

International revenue, net of intersegment revenue, totalled $52.2 million in Fiscal 2018, compared to $25.9 million in Fiscal 2017, an increase of $26.3 million, or 101.4%. International revenue growth was mainly attributable to increased specialized drilling activity in Chile due to the continued expansion of OG Chile. International includes $41.6 million in revenues from Chile, compared to $20.1 million in Fiscal 2017. The remaining increase in International revenue was primarily due to new projects in Burkina Faso.

Gross Profit and Margins (see Reconciliation of non-IFRS measures)

Gross profit for Fiscal 2018 was $21.5 million, compared to $8.0 million in Fiscal 2017. Gross margin was 12.4% compared to 6.4% in Fiscal 2017. Depreciation expenses totalling $7.9 million are included in cost of contract revenue for Fiscal 2018, compared to $8.7 million in Fiscal 2017. Adjusted gross margin, excluding depreciation expenses, was 17.0% in Fiscal 2018, compared to 13.4% in Fiscal 2017. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to higher drilling volume in both Canada and International, increased specialized drilling activity in Chile, and higher pricing on certain contracts in Canada.

General and Administrative Expenses

General and administrative (G&A) expenses were $15.8 million (representing 9.1% of revenue) in Fiscal 2018, compared to $14.7 million (representing 11.8% of revenue) in Fiscal 2017 reflecting the Company's growth in Canada and internationally.

Operating Results

Earnings from operations for Fiscal 2018 were $9.4 million, compared to a loss from operations of $3.9 million in Fiscal 2017.

Drilling Canada's operating earnings totalled $6.3 million, compared to operating earnings of $0.6 million in Fiscal 2017, primarily attributable to higher drilling volume, and higher pricing on certain contracts.

Drilling International's operating earnings totalled $3.1 million, compared to an operating loss of $4.5 million in Fiscal 2017. The positive variance, as discussed above, was primarily attributable to higher drilling volume and increased specialized drilling activity in Chile.

Foreign Exchange (Loss) Gain

Foreign exchange gain was $0.3 million in Fiscal 2018, compared to a foreign exchange loss of $0.2 million in Fiscal 2017.

EBITDA (see Reconciliation of non-IFRS measures)
Earnings before interest, taxes, depreciation and amortization ("EBITDA") totalled $14.7 million in Fiscal 2018, compared to $2.7 million in Fiscal 2017.

Financial Expenses

Interest costs related to long-term debt and bank charges were $1.7 million in Fiscal 2018, compared to $1.0 million in Fiscal 2017.

Income Tax Recovery

Income tax recovery was $0.3 million for Fiscal 2018, compared to income tax recovery of $2.0 million in Fiscal 2017. The effective tax rate for the year was positively impacted mainly by the use of unrecognized tax losses for O G Chile during the year.

Net Earnings (Loss)

The Company's net earnings for Fiscal 2018 were $4.5 million, or $0.12 per share, compared to a net loss of $5.9 million, or $0.17 per share, in Fiscal 2017. Higher gross profit and margins, as discussed above, contributed to the Company's net earnings for Fiscal 2018.

SUMMARY ANALYSIS OF FISCAL 2017 COMPARED TO FISCAL 2016

Revenue for Fiscal 2017 was $125.2 million compared to $107.5 million for the fiscal year ended June 30, 2016 ("Fiscal 2016"), representing an increase of $17.7 million, or 16.4%, attributable to an increase in metres drilled in Canada and internationally.

Gross profit for Fiscal 2017 was $8.0 million, compared to $10.2 million in Fiscal 2016. Gross margin for Fiscal 2017 was 6.4% compared to 9.5% in Fiscal 2016. Adjusted gross margin, excluding depreciation expenses, was 13.4% in Fiscal 2017, compared to 18.1% in Fiscal 2016. The decrease in gross profit, gross margin and adjusted gross margin was primarily attributable to lower productivity and increased employee training and project mobilization costs in Canada, as the Company ramps up its operations to meet increased demand, partially offset by the Company's significant increase in gross profit from International drilling activities.

Net loss in Fiscal 2017 totalled $5.9 million or $0.17 per share, compared to a net loss of $0.2 million or $0.01 per share in Fiscal 2016. The Company's net loss for Fiscal 2016 includes a $5.0 million one-time gain related to negative goodwill and $0.8 million of acquisition and integration costs both related to the acquisition of OG Chile. Excluding these items, the Company's net loss for Fiscal 2016 would have been $4.7 million or $0.13 per share.

OVERALL PERFORMANCE

SUMMARY OF QUARTERLY RESULTS

* ($millions)		Fiscal 2018				Fiscal 2017			
		June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Contract revenue *		**44.5**	43.1	43.0	42.5	**37.4**	29.9	27.4	30.5
Gross profit [(1)]*		**7.5**	2.2	5.1	6.7	**2.4**	1.2	1.5	2.9
Gross margin %		**16.8**	5.2	11.7	15.9	**6.6**	3.9	5.5	9.4
Net earnings (loss) *		**3.3**	(1.3)	0.8	1.7	**(1.6)**	(2.2)	(1.9)	(0.2)
Net earnings (loss) per common share ($)	- Basic	**0.09**	(0.04)	0.02	0.05	**(0.05)**	(0.06)	(0.05)	(0.01)
	- Diluted	**0.09**	(0.04)	0.02	0.05	**(0.05)**	(0.06)	(0.05)	(0.01)

[(1)] Includes amortization and depreciation expenses related to operations.

SEASONALITY

The Company's revenue reflects certain seasonal factors. In underground drilling operations, scheduled mine shutdowns over holiday and summer periods at some locations reduce revenue during these periods. In domestic and international surface drilling operations, weather conditions in the spring and fall seasons often cause drilling programs to pause, or to be planned around seasonal fluctuations.

ANALYSIS OF THE FOURTH QUARTER OF FISCAL 2018 COMPARED TO THE FOURTH QUARTER OF FISCAL 2017

Contract Revenue

Revenue for the three-month period ended June 30, 2018 ("Q4 FY2018") totalled $44.5 million, an increase of $7.1 million, or 18.9%, from $37.4 million for the quarter ended June 30, 2017 ("Q4 FY2017"). Revenue growth was attributable to increased international drilling activity.

Canada revenue totalled $30.4 million in Q4 FY2018, in line with Q4 FY2017.

International revenue, net of intersegment revenue, increased to $14.1 million in Q4 FY2018, an increase of $7.2 million compared to $6.9 million in Q4 FY2017. International includes $11.4 million in revenue from Chile compared to $5.7 million in Q4 FY2017. The remaining increase in international revenue was primarily due to new projects in Burkina Faso, Ghana and Guyana.

Gross Profit and Margins (see Reconciliation of non-IFRS measures)

Gross profit for Q4 FY2018 was $7.5 million, an increase of $5.1 million from $2.4 million in Q4 FY2017. Gross margin for Q4 FY2018 was 16.8% compared to 6.6% in Q4 FY2017. Depreciation expenses totalling $2.0 million are included in cost of contract revenue for Q4 FY2018, in line with Q4 FY2017. Adjusted gross margin, excluding depreciation expenses, was 21.2% in Q4 FY2018, compared to adjusted gross margin of 11.8% in Q4 FY2017. The increase in gross profit, gross margin and adjusted gross margin was primarily attributable to higher drilling volume in Chile, Burkina Faso and Ghana, including increased specialized drilling activity.

General and Administrative Expenses

G&A expenses were $3.8 million (representing 8.6% of revenue) in Q4 FY2018, compared to $3.6 million (representing 9.7% of revenue) in Q4 FY2017.

Operating Results

Earnings from operations for Q4 FY2018 were $4.4 million, compared to operating loss of $0.2 million in Q4 FY2017.

Drilling Canada's operating earnings totalled $1.8 million, compared to operating earnings of $1.3 million in Q4 FY2017, reflecting an increase in average revenue per metre drilled.

Drilling International's operating earnings totalled $2.6 million, compared to an operating loss of $1.5 million in Q4 FY2017. The positive variance was primarily attributable to higher drilling volume and increased specialized drilling activity.

Foreign Exchange (Gain) Loss

Foreign exchange loss was $0.3 million in Q4 FY2018, in line with Q4 FY2017.

EBITDA (see Reconciliation of non-IFRS measures)

EBITDA was $5.5 million in Q4 FY2018, compared to $0.7 million in Q4 FY2017, an increase of $4.8 million.

Financial Expenses

Interest costs related to long-term debt and bank charges were $0.4 million in Q4 FY2018, compared to $0.3 million in Q4 FY2017.

Income Tax Recovery

Income tax recovery was $0.2 million in Q4 FY2018, compared to an income tax recovery of $0.2 million in Q4 FY2017. The tax recovery for the quarter was positively impacted mainly by the use of unrecognized tax losses for OG Chile during the quarter.

Net Earnings (Loss)

Net earnings for Q4 FY2018 were $3.3 million, or $0.09 per share, compared to net loss of $1.6 million, or $0.05 per share, in Q4 FY2017. Higher gross profit and margins, as discussed above, contributed to the Company's net earnings for Q4 FY2018.

EFFECT OF EXCHANGE RATE

The Company realizes a part of its activities in US dollars, ("US") in Chilean Pesos ("CLP"), in Ghanaian cedi ("GHS") and in West African Francs ("XOF") and is thus exposed to foreign exchange fluctuations. The Company does not actively manage this risk. As at June 30, 2018, the Company had cash in US dollars for an amount of US$0.5 million (June 30, 2017, US$1.0 million) and accounts receivable in US dollars for an amount of US$1.3 million (June 30, 2017, US$0.6 million). The Company had cash in Chilean Pesos for an amount of CLP$832,879,752 (June 30, 2017, CLP$207,424,327) and accounts receivable in Chilean Pesos for an amount of CLP$2,907,515,452 (June 30, 2017, CLP$1,471,946,677). The Company had cash in GHS for an amount of GHS 625,294 (June 30, 2017, GHS26,065) and accounts receivable in GHS for an amount of GHS4,549,573 (June 30, 2017, GHS1,561,986). The Company had

cash in West African Francs XOF for an amount of XOF137,871,643 (June 30, 2017, XOF12,751,223) and accounts receivable in West African Francs XOF for an amount of XOF608,226,530 (June 30, 2017, nil)

As at June 30, 2018, the Company has estimated that a 10% increase or decrease of the US exchange rate would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $0.2 million (June 30, 2017, $0.1 million), a 10% increase or decrease of the Chilean Pesos exchange rate would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $0.2 million (June 30, 2017, $0.2 million), a 10% increase or decrease of the GHS exchange rate would have caused a corresponding annual increase or decrease in net earnings (loss) and comprehensive earnings (loss) of $0.1 million (June 30, 2017, nil) and a 10% increase or decrease of the XOF exchange rate would have caused a significant corresponding annual increase or decrease in net earnings (loss) and comprehensive income of $0.1 million (June 30, 2017, nil)

LIQUIDITY AND CAPITAL RESOURCES

Operating Activities

Cash flow from operations (before changes in non-cash operating working capital items, finance costs and income taxes paid), was $14.8 million in Fiscal 2018, compared to $2.5 million in Fiscal 2017.

The change in non-cash operating working capital items was an outflow of $3.9 million, compared to an outflow of $3.2 million in Fiscal 2017.The change in non-cash operating working capital in Fiscal 2018 was primarily attributable to:

- $8.5 million related to an increase in accounts receivable and prepaid expenses, and
- $0.7 million related to an increase in inventory to support level of operation, partially offset by
- $5.3 million related to an increase in accounts payable

Investing Activities

Cash used in investing activities totalled $8.2 million in Fiscal 2018, compared to $6.2 million in Fiscal 2017. During Fiscal 2018, $8.6 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $0.5 million on disposal of investments, property, plant and equipment. In Fiscal 2017, $7.8 million was used for the acquisition of property, plant and equipment, partially offset by a cash inflow of $1.6 million on disposal of investments, property, plant and equipment.

Financing Activities

During Fiscal 2018, the Company generated $3.2 million from financing activities, compared to $7.0 million in Fiscal 2017.

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under a credit facility with National Bank of Canada Inc. ("**National Bank**"). On November 2, 2017, the Company and National Bank entered into a new three-year credit facility (the "**Credit Facility**") consisting of a $30 million revolving credit facility, a US$3 million letter of credit facility and a US$3 million revolving credit facility.

The Company withdrew a net amount of $4.5 million during Fiscal 2018 on its Credit Facility, compared to a withdrawal of $7.6 million in Fiscal 2017. The Company's long-term debt under the Credit Facility, including current portion, was $18.1 million as at June 30, 2018, compared to $13.6 million as at June 30, 2017. The Company's debt was incurred to support working capital requirements and the acquisition of capital assets, principally property, plant and equipment.

The Company made finance lease payments (net of proceeds from finance lease) of $0.7 million, compared to $1.0 million in Q4 FY2017.

OG Chile enters into receivable purchase agreements (commonly referred to as "factoring agreements") with different banks as part of its normal working capital financing. The Company receives 100% of the value of the specific sales invoice less a charge of between 0.46% and 0.52%. As at June 30, 2018, no trade receivables are related to factored accounts, compared to $0.7 million as at June 30, 2017.

As at June 30, 2018, the Company's working capital was $53.3 million, compared to $30.8 million as at June 30, 2017. The increase in working capital resulted mainly from the reclassification of the outstanding amount under the Credit Facility from current to non-current liabilities as a new Credit Facility was signed on November 2, 2017. The Company's working capital requirements are primarily related to the funding of inventory and the financing of accounts receivable.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital expenditures and debt obligations. The Company's principal capital expenditures are related to the acquisition of drill rigs and property, plant and equipment.

Sources of Financing

Orbit Garant's primary sources of liquidity are cash flow from operations and borrowings under its Credit Facility. As at June 30, 2018, the Company had drawn $18.1 million ($13.6 million as at June 30, 2017) under the Credit Facility and complied with all covenants in the Credit Facility.

Availability under the main revolving facility under the Credit Facility is subject to a borrowing base that is determined by the value of the Company's inventory, accounts receivable and real estate. All of Orbit Garant's assets are pledged as security for the Company's obligations under the Credit Facility. In addition, the Company's obligations under the US$3 million letter of credit facility and US$3 million revolving credit facility are guaranteed by Export Development Canada.

The Credit Facility contains covenants that limit the Company's ability to undertake certain actions without prior approval of the Lender, including: i) mergers, liquidations, dissolutions and changes of ownership; ii) the incurrence of additional indebtedness; iii) encumbering the Company's assets; iv) guarantees, loans, investments and acquisitions that may be made by the Company; v) investing in or entering into derivative instruments, paying dividends and/or making other capital distributions to related parties; vi) capital expenditures exceeding mutually agreed upon limits; and vii) certain asset sales. The Credit Facility also contains a number of financial covenants that the Company must comply with if more than $12.5 million is drawn under the Credit Facility. In addition, the Credit Facility will mature no later than November 2, 2020.

The Company believes that it will be able to generate sufficient cash flow to meet its current and future working capital expenditures and debt obligations. The Company's principal capital expenditures are related to the acquisition of drill rigs and other assets included in property, plant and equipment.

As at June 30, 2018, the Company complied with all covenants in the Credit Facility.

As at June 30, 2018 the Company had future contractual obligations as follows:

*($thousands)	Total	Less than 1 year	2-3 years	4-5 years
Long-term debt *	19,945	625	19,320	-
Operating leases *	271	187	84	-
Total *	20,216	812	19,404	-

OUTSTANDING SECURITIES AS AT SEPTEMBER 12, 2018

Number of common shares	36,147,119
Number of options	2,496,500
Fully diluted	38,643,619

On December 5, 2017, the Company issued 490,000 stock options at an exercise price of $2.10. During Fiscal 2018, 52,200 stock options were exercised and 277,800 stock options were cancelled.

RELATED PARTY TRANSACTIONS

Transactions with related parties

The Company is related to Dynamitage Castonguay Ltd., a company owned by certain directors.

On February 28, 2017, the Company granted a loan maturing no later than February 28, 2019 for the amount of $1.2 million to the President and Chief Executive Officer in connection with the exercise of his option to purchase 942,000 shares of Orbit Garant Drilling Inc. The loan bears interest at a rate of 4% annually and is secured by a pledge of shares and guarantee from 6705570 Canada Inc. On December 15, 2017, the President and Chief Executive Officer repaid an amount of $0.6 million, reducing the balance of the loan to $0.7 million, ($1.3 million as at June 30, 2018).

The Company entered into the following transactions with its related company and with persons related to directors:

*($thousands)	12 months ended June 30, 2018	12 months ended June 30, 2017
Revenue*	**283**	**102**
Expenses*	**131**	**167**

As at June 30, 2018, an amount of $0.8 million was a receivable resulting from these transactions ($1.3 million as at June 30, 2017).

All of these related party transactions made in the normal course of business measured at the exchange amount, which is the amount established and agreed to by the parties.

Key management personnel and directors' transactions

The definition of key management includes the close members of the family of key personnel and any entity over which key management exercises control. The key management personnel have been identified as directors of the Company and key management staff. Close members of family are those family members who may be expected to influence, or be influenced by that individual in their dealings with the Company.

Compensation paid to key management personnel and directors are as follows:

*($thousands)	12 months ended June 30, 2018	12 months ended June 30, 2017
Salaries and fees *	**1,734**	**1,433**
Share-based compensation*	**236**	**204**
TOTAL*	**1,970**	**1,637**

CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The significant accounting policies are described in note 3 of the Fiscal 2018 audited consolidated financial statements. The preparation of financial statements in accordance with IFRS requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and contingent liabilities on the reporting date, and amounts of revenues and expenses for the relevant period. Although management regularly reviews its estimates, actual results may differ. The impact of changes to accounting estimates is recognized in the period during which the change occurs, and in the affected future periods, when applicable. Areas in which the estimates and assumptions are significant, or which are complex, are presented as follows:

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position of the Company at their fair values. In measuring fair value, Management uses estimates about future cash flows and discount rates, however, the actual results may vary.

Impairment of non-financial assets

The Company also uses its judgement to determine whether an impairment test must be performed due to the presence of potential impairment indicators. In applying its judgement, the Company relies primarily on its knowledge of its business and the economic environment. As at June 30, 2018, the Company concluded that there were no impairment indicators and did not perform an impairment test (see Notes 10 in the Company's consolidated financial statements).

Income taxes

The Company is subject to income taxes in various jurisdictions. Judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in the future. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

STANDARDS AND INTERPRETATIONS ADOPTED

The following standards and amendments to existing standards have been adopted by the Company on July 1, 2017:

- IAS 7 – Statement of cash flows, and
- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12)

RECENT ACCOUNTING PRONOUNCEMENTS

The Company has not early adopted the following new standards that have been issued, but are not yet effective:

- IFRS 9 – Financial Instruments
- IFRS 15 – Revenue from Contracts with Customers
- IFRS 16 – Leases
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)

- IFRIC Interpretation 22 – Foreign Currency Transaction and Advance Consideration
- IFRIC 23 – Uncertainty over Income Tax Treatments

The Company does not expect IFRS 9, IFRS 15, Amendments to IFRS 2 and IFRIC Interpretation 22 to have a material impact its consolidated financial statements and is currently evaluating the impact of the adoption of IFRS 16 and IFRIC 23.

RECONCILIATION OF NON - IFRS FINANCIAL MEASURES

Financial data has been prepared in conformity with IFRS. However, certain measures used in this discussion and analysis do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because the information is an appropriate measure to evaluate the Company's operating performance. Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures are provided for information purposes, in addition to, and not as a substitute for, measures of financial performance prepared in accordance with IFRS.

EBITDA: Net earnings (loss) before interest, taxes, depreciation and amortization.

Adjusted gross profit and margin: Contract revenue less operating costs. Operating expenses comprise material and service expenses, personnel expenses, other operating expenses, excluding depreciation.

EBITDA

Management believes that EBITDA is an important measure when analyzing its operating profitability, as it removes the impact of financing costs, certain non-cash items and income taxes. As a result, Management considers it a useful and comparable benchmark for evaluating the Company's performance, as companies rarely have the same capital and financing structure.

Reconciliation of EBITDA

(unaudited) (in millions of dollars)	3 months ended June 30, 2018	3 months ended June 30, 2017	12 months ended June 30, 2018	12 months ended June 30, 2017	12 months ended June 30, 2016
Net earnings (loss) for the period	**3.3**	(1.6)	**4.5**	(5.9)	(0.2)
Add:					
Finance costs	**0.4**	0.3	**1.7**	1.0	0.7
Income tax expense (recovery)	**(0.2)**	(0.2)	**(0.3)**	(2.0)	(0.2)
Depreciation and amortization	**2.0**	2.2	**8.8**	9.6	10.8
EBITDA	**5.5**	0.7	**14.7**	2.7	11.1

Adjusted Gross Margin

Although adjusted gross margin and margin are not recognized financial measures defined by IFRS, Management considers them to be important measures as they represent the Company's core profitability, without the impact of depreciation expense. As a result, Management believes they provide a useful and comparable benchmark for evaluating the Company's performance.

(unaudited) (in millions of dollars)	3 months ended June 30, 2018	3 months ended June 30, 2017	12 months ended June 30, 2018	12 months ended June 30, 2017	12 months ended June 30, 2016
Contract revenue	**44.5**	37.4	**173.1**	125.2	107.5
Cost of contract revenue (including depreciation)	**37.1**	34.9	**151.6**	117.1	97.3
Less depreciation	**(2.0)**	(1.9)	**(7.9)**	(8.7)	(9.3)
Direct costs	**35.1**	33.0	**143.7**	108.4	88.0
Adjusted gross profit	**9.4**	4.4	**29.4**	16.8	19.5
Adjusted gross margin (%) (1)	**21.2**	11.8	**17.0**	13.4	18.1

(1) Adjusted gross profit, divided by contract revenue X 100

RISK FACTORS

The following are certain factors relating to the Company's business and the industry within which it operates. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and should be read in conjunction with, the detailed information appearing elsewhere in this report and in the Company's Annual Information Form dated September 12, 2018. These risks and uncertainties are not the only ones relevant to the Company. Additional risks and uncertainties not currently known to the Company, or that the Company currently deems immaterial, may also impair the operations of the Company. If any such risks actually occur, the business, financial condition, liquidity and results of operations of the Company could be affected materially and adversely.

Risk Related to Structure to the Business and Industry

Cyclical Downturns

Demand for drilling services and products depends significantly on the level of mineral exploration and development activities conducted by mining companies, which in turn, are driven significantly by commodity prices. There is a continued risk that low commodity prices could substantially reduce future exploration and drilling expenditures by mining companies, which in turn, could result in a decline in the demand for the drilling services offered by the Company and would materially impact the Company's revenue, financial condition, cash flows and growth prospects.

Sensitivity to General Economic Conditions

The operating and financial performance of Orbit Garant is influenced by a variety of international and country-specific general economic and business conditions (including inflation, interest rates and exchange rates), access to debt and capital markets, as well as, monetary and regulatory policies. Deterioration in domestic or international general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could have a material adverse effect on the financial performance and condition, cash flows and growth prospects of the Company.

Reliance on and Retention of Employees

In addition to the availability of capital for equipment, a key limiting factor in the growth of drilling services companies is the supply of qualified drillers, on whom the Company relies upon to operate its drills. As such, the ability to attract, train and retain high quality drillers is a high priority for all drilling services providers. A failure by the Company to retain qualified drillers or attract and train new qualified drillers could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, rising rates paid to drillers and

helpers will exert pressure on the Company's profit margins if it is unable to pass on such higher costs to its customers through price increases.

Increased Cost of Sourcing Consumables

When bidding on an underground drilling contract, the cost of sourcing consumables is a key consideration in deciding upon the pricing. Underground drilling contracts are typically for one to two years and expose the Company to an increase in the cost of consumables and labor during that period. A material increase in the cost of labor or consumables during that period could result in materially higher costs and could materially reduce the Company's financial performance, financial condition, cash flows and growth prospects.

Country Risks

The Company does business internationally in numerous regions of different countries and with this comes the risk of dealing with business and political systems in a variety of jurisdictions. Unanticipated events in a country (precipitated by developments within or external to the country), such as economic, political, tax related, regulatory or legal changes (or changes in interpretation), could, directly or indirectly, have a material negative impact on operations and assets. The risks include, but are not limited to, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, changes in mining or investment policies, nationalization/expropriation of projects or assets, corruption, delays in obtaining or inability to obtain necessary permits, nullification of existing mining claims or interests therein, hostage takings, labour unrest, opposition to mining form environmental or other non-governmental organisations or shifts in political attitude that may adversely affect the business. There has been an emergence of a trend by governments to increase their participation in the industry and thereby their revenues through increased taxation, expropriation, or otherwise. This could negatively impact the level of foreign investment in mining and exploration activities and thus drilling demand in these regions. Such events could result in reductions in revenue and additional transition costs as equipment is shifted to other locations. Nationalization/expropriation of mining projects has a direct impact on suppliers (such as the Company) to the mining industry.

While the Company works to mitigate its exposure to potential country risk events, the impact of any such event is mostly not under the Company's control, is highly uncertain and unpredictable and will be based on specific facts and circumstances. As a result, the Company can give no assurance that it will not be subject to any country risk event, directly or indirectly, in the jurisdictions in which it operates.

Leverage and Restrictive Covenants

Orbit Garant entered into the Credit Agreement in order to provide it with credit facilities to fund, among other things, working capital and acquisitions. The degree to which Orbit Garant is leveraged could have important consequences, including: i) Orbit Garant's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; ii) a significant portion of Orbit Garant's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations; and iii) certain of Orbit Garant's borrowings (including borrowings under the Credit Agreement) will be at variable rates of interests, which exposes Orbit Garant to the risk of increased interest rates which may have an adverse effect on Orbit Garant's financial condition.

The Credit Agreement contains numerous restrictive covenants that limit the discretion of Orbit Garant's Management with respect to certain business matters. These covenants place significant restrictions on, among other things, changes in ownership and the ability of Orbit Garant to create liens or other encumbrances, to pay dividends or make certain other payments, investments, acquisitions, capital expenditures, loans and guarantees and to sell or otherwise dispose of assets and merge with another entity. In addition, the Credit Agreement contains financial covenants that require Orbit Garant to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Credit Agreement could result in a default that, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Credit Agreement were to be accelerated, there can be no assurance that

the assets of Orbit Garant would be sufficient to repay in full that indebtedness. In addition, the Credit Agreement will mature no later than November 2, 2020. There can be no assurance that future borrowings or equity financing will be available to Orbit Garant or available on acceptable terms, in an amount sufficient to repay the Credit Agreement at maturity or to fund Orbit Garant's needs thereafter. This could have a material adverse effect on the business, financial condition and results of operations of Orbit Garant.

Access of Customers to Equity Markets

Economic factors may make it more difficult for mining companies, particularly junior mining companies, to raise money to fund exploration activity. This difficulty would have an adverse impact on the demand for drilling services and could have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Acquisitions

The Company is continuously seeking business acquisitions. It may be exposed to business risks or liabilities for which it may not be fully indemnified or insured. The ongoing integration of existing and new computer systems, equipment and personnel may impact the success of the acquisitions. Any issues arising from the integration of the acquired businesses, including the integration of the accounting software, may require significant management, financial or personnel resources that would otherwise be available for ongoing development and expansion of the Company's existing operations. If this happens, it may have a material adverse effect on the financial performance, financial condition, cash flows and growth prospects of the Company.

Supply of Consumables

If the Company should grow, it could put pressure on its ability to manufacture or otherwise obtain new drills and consumables required to conduct the Company's drilling operations. This could constrain the Company's ability to increase its capacity and increase or maintain revenue and profitability.

Competition

The Company faces competition from several large drilling services companies and many smaller, regional competitors. Some of the Company's competitors have been in the drilling services industry for a longer period and have substantially greater financial and other resources than the Company has. Increased competition in the drilling services market may adversely affect the Company's current market share, profitability and growth opportunities. The capital cost to acquire drilling rigs is relatively low, enabling competitors to finance expansion and providing opportunity for new competitors to enter the market. This dynamic exposes the Company to the risk of reduced market share and scope for geographic growth, as well as lower revenue and margin for its existing business.

A significant portion of the drilling services business is a result of being awarded contracts through a competitive tender process. It is possible that the Company will lose potential new contracts to competitors if it is unable to demonstrate reliable performance, technical competence and competitive pricing as part of the tender process or if mining companies elect not to undertake a competitive tender process.

Ability to Sustain and Manage Growth

The Company's ability to grow will depend on a number of factors, many of which are beyond the Company's control, including, but not limited to, commodity prices, the ability of mining companies to raise financing and the demand for raw materials from large, emerging economies such as the Brazil, Russia, India and China ("BRIC") economies. In addition, the Company is subject to a variety of business risks generally associated with growing companies. Future growth and expansion could place significant strain on the Company's Management personnel and likely will require the Company to recruit additional management personnel.

There can be no assurance that the Company will be able to: i) manage its expanding operations (including any acquisitions) effectively; ii) sustain or accelerate its growth or that such growth, if achieved, will result in profitable operations; iii) attract and retain sufficient management personnel necessary for continued growth; or, iv) successfully make strategic investments or acquisitions. The failure to accomplish any of the foregoing could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Future Acquisition Strategy

The Company intends to grow through acquisitions in addition to organic growth. There is considerable competition within the drilling services industry for attractive acquisition targets. It is not possible to ensure that future acquisition opportunities will exist on acceptable terms, or that newly acquired or developed entities will be successfully integrated into the Company's operations. Additionally, the Company cannot give assurances that it will be able to secure the adequate financing on acceptable terms to pursue this strategy.

Customer Contracts

The Company's surface drilling customer contracts are typically for a term of six (6) to twelve (12) months and its underground drilling customer contracts are typically for a term of one to two years and can be cancelled by the customer on short notice in prescribed circumstances with limited or no amounts payable to the Company. There is a risk that existing contracts may not be renewed or replaced. The failure to renew or replace some or all of these existing contracts and cancellation of existing contracts could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects. In addition, consolidation by the Company's customers could materially and adversely affect the Company's results of operations and financial condition.

International Expansion and Instability

Expansion internationally entails additional political and economic risk. Some of the countries and areas targeted by the Company for expansion are undergoing industrialization and urbanization and do not have the economic, political or social stability that many developed nations now possess. Other countries have experienced political or economic instability in the past and may be subject to risks beyond the Company's control, such as war or civil disturbances, political, social and economic instability, corruption, nationalization, terrorism, expropriation without fair compensation or cancellation of contract rights, significant changes in government policies, breakdown of the rule of law and regulations and new tariffs, taxes and other barriers. There is a risk that the Company's operations, assets, employees or repatriation of revenue could be impaired or adversely affected by factors related to the Company's international expansion and have a material adverse effect on the financial performance, financial condition, cash flow and growth prospects of the Company.

Operational Risks and Liability

Risks associated with drilling include, in the case of employees, personal injury and loss of life and, in the case of the Company, damage and destruction to property, equipment, release of hazardous substances to the environment and interruption or suspension of drill site operation due to unsafe drill operations. The occurrence of any of these events may have an adverse effect on the Company, including financial loss, key personnel loss, legal proceedings and damage to the Company's reputation.

In addition, poor or failed internal processes, people or systems, along with external events could negatively impact the Company's operational and financial performance. The risk of this loss, known as operational risk, is present in all aspects of the business of the Company, including, but not limited to, business disruptions, technology failures, theft and fraud, damage to assets, employee safety, regulatory compliance issues or business integration issues. The number and significance of the changes and the possibility that the Company may not be able to successfully implement the changes made, may adversely affect the performance of the business and its financial condition, cash flows and growth prospects of the Company.

Currency Exposure

Orbit Garant conducts some of its activities in US dollars, in Chilean Pesos, in GHS and in XOF and is thus exposed to foreign exchange fluctuations. As at June 30, 2018, we had US dollars, in Chilean Pesos, in GHS and in XOF revenue exposures of approximately $3.8, $41.6, $3.0 and $3.7 million respectively in Canadian dollars. This exposure could change in the future and a significant portion of our revenue could potentially be denominated in currencies other than the Canadian dollar, fluctuations of which could cause a negative impact on our financial performance.

Business Interruptions

Business interruptions can occur as a result of a variety of factors, including; regulatory intervention, delays in necessary approvals and permits, health and safety issues or product input supply bottlenecks. In addition, the Company operates in a variety of geographic locations, some of which are prone to inclement weather conditions, natural or other disasters. The occurrence of such conditions or any business interruption could have a material adverse effect on the Company's financial performance, financial condition, cash flows and growth prospects.

Risk to the Company's Reputation

Risks to the Company's reputation could include any negative publicity, whether true or not, and could cause a decline in the Company's customer base and have a material adverse impact on the Company's financial performance, financial condition, cash flows and growth prospects. All risks have an impact on reputation, and as such, reputational risk cannot be managed in isolation from other types of risk. Every employee and representative of the Company is charged with upholding its strong reputation by complying with all applicable policies, legislation and regulations as well as creating positive experiences with the Company's customers, stakeholders and the public.

Corruption, Bribery and Fraud

The Company is required to comply with the Canadian Corruption of Foreign Public Officials Act ("CFPOA") as well as similar applicable laws in other jurisdictions, which prohibit companies from engaging in bribery or other prohibited payments or gifts to foreign public officials for the purpose of retaining or obtaining business. The Company's policies mandate compliance with these laws. However, there can be no assurance that the policies and procedures and other safeguards that the Company has implemented in relation to its compliance with these laws will be effective or that Company employees, agents, suppliers or other industry partners have not engaged or will not engage in such illegal conduct for which the Company may be held responsible. Violations of these laws could disrupt the Company's business and result in a material adverse effect on its business and operations.

Environment, Health and Safety Requirements and Related Considerations

The Company's operations are subject to a broad range of federal, provincial, state and local laws and regulations as well as permits and other approvals, including those relating to the protection of the environment and workers' health and safety governing, among other things, air emissions, water discharges, non-hazardous and hazardous waste (including waste water), storage, handling, disposal and clean-up of dangerous goods and hazardous materials such as chemicals, remediation of releases and workers' health and safety in Canada and elsewhere (the "Environment, Health and Safety Requirements"). As a result of the Company's operations, it may be involved from time to time in administrative and judicial proceedings and inquiries relating to Environment, Health and Safety Requirements. Future proceedings or inquiries could have a material adverse effect on the Company's business, financial condition and results of operations.

The activities at clients' worksites may involve operating hazards that can result in personal injury and loss of life. There can be no assurance that the Company's insurance will be sufficient or effective under all circumstances or against all claims or hazards to which it may be subject or that it will be able to continue to obtain adequate insurance protection. A successful claim or damage resulting from a hazard for which it is not fully insured could adversely affect

the Company's results of operations. In addition, if the Company is seen not to adequately implement health and safety and environmental policies, its relationships with its customers may deteriorate, which may result in the loss of contracts and restrict its ability to obtain new contracts.

Insurance Limits

The Company maintains property, general liability and business interruption insurance. However, there can be no assurance that such insurance will continue to be offered on an economically feasible basis, that all events that could give rise to a loss or liability are insurable, or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Company.

Legislative and Regulatory Changes

Changes to any of the laws, rules, regulations or policies affecting the business of the Company would have an impact on the Company's business and may significantly and adversely affect the operations and financial performance of the Company.

Legal and Regulatory Risk

The mining and drilling industries are highly regulated by legal, environmental and health and safety regulations. Failure to comply with such regulations could lead to penalties, including fines or suspension of operations which could have a significant impact on the financial strength and future earnings potential of the Company. Furthermore, the Company's mineral exploration customers are also subject to similar legal, regulatory, health and safety regulations which could materially affect their decision to go ahead with mineral exploration or mine development and thereby indirectly negatively impact the Company.

Cyber-Security Risk

While information systems are integral to supporting the Company's business, due to the nature of the Company's services, it is not considered to be subject to the same level of cyber security risks as companies operating in sectors where sensitive information is at the core of their business. Nevertheless, the Company is potentially exposed to risks ranging from internal human error to uncoordinated individual attempts to gain unauthorised access to its information technology systems, to sophisticated and targeted measures directed at the Company and its systems, clients or service providers. Any such disruptions in the Company's systems or the failure of the systems to operate as expected could, depending on the magnitude of the problem, result in the loss of client information, a loss of current or future business, reputational harm and/or potential claims against the Company, all of which could have an adverse effect on the Company's business, financial condition and operating results. The Company continues to enhance its efforts to mitigate these risks. It invests in technology security initiatives to better identify and address any vulnerability including periodic third party vulnerability assessments, testing user knowledge of cyber security best practices, and audits of security processes and procedures. In addition, the Company continues to increase the employees' awareness of security policies through ongoing communications.

Risk Related to Structure and Common Shares

Equity Market Risks

There is a risk associated with any investment in shares. The market price of securities such as the Common Shares of the Company are affected by numerous factors including, but not limited to, general market conditions, actual or anticipated fluctuations in the Company's results of operations, changes in estimates of future results of operations by the Company or securities analysts, risks identified in this section and other factors. In addition, the financial markets have experienced significant price and volume fluctuations that have sometimes been unrelated to the operating

performance of the issuers or the industries in which they operate. Consequently, the trading price of the Common Shares may fluctuate.

Influence of Existing Shareholders

As of September 12, 2018, Pierre Alexandre, Vice Chairman and Vice President of Corporate Development of the Company, holds or controls, directly or indirectly, approximately 26% of Orbit Garant's outstanding Common Shares. As a result, this shareholder has the ability to influence Orbit Garant's strategic direction and policies, including any merger, consolidation or sale of all or substantially all of its assets, and the election and composition of Orbit Garant's Board of Directors. The foregoing ability to affect the control and direction of Orbit Garant could reduce its attractiveness as a target for potential takeover bids and business combinations, and correspondingly affect its share price.

Future Sales of Common Shares by the Company's Existing Shareholders

Certain shareholders, including Pierre Alexandre, hold or control significant blocks of shares of the Company. The decision of any of these shareholders to sell a substantial number of Common Shares in the public market could result in a material imbalance in demand for the Company's shares and therefore a decline in the market price of the Common Shares. In addition, the perception among the public that such sales may occur could also result in a reduction in the market price of the Common Shares.

Dilution

Orbit Garant may raise additional funds in the future by issuing equity securities. Holders of Common Shares will have no pre-emptive rights in connection with such further issuances. Additional Common Shares may be issued by Orbit Garant in connection with the exercise of options granted. Such additional equity issuances could, depending on the price at which such securities are issued, substantially dilute the interests of the holders of Common Shares.

Dividend Payments

Orbit Garant does not expect to pay dividends as it intends to use cash for future growth or debt repayment. In addition, the Credit Agreement places restrictions on the ability of Orbit Garant to declare or pay dividends.

Credit Risk

The Company provides credit to its customers in the normal course of its operations. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. It carries out, on a continuing basis, credit checks on its customers and maintains provisions for contingent credit losses. Demand for the Company's drilling services depends upon the level of mineral exploration and development activities conducted by mining companies, particularly with respect to gold, nickel and copper.

In order to reduce the credit risk, the Company is using insurance coverage from Export Development Canada («EDC») on certain accounts receivable from its customers. The insurance program provides under certain terms and conditions an insurance coverage amount of up to 90% of unpaid accounts. As at June 30, 2018, the amount of the insurance coverage from EDC represents 6% of the accounts receivable (5% as at June 30, 2017).

As at June 30, 2018, 44% (58% as at June 30, 2017) of the trade accounts receivable are aged as current and 4% are impaired (5% as at June 30, 2017).

One major customer represents 20% of the trade accounts receivable as at June 30, 2018 (June 30, 2017, two major customers represented 25% of these accounts).

Two major customers represent 28% of the contract revenue for the year ended June 30, 2018 (year ended June 30, 2017, two major customers represented 29%).

Credit risk also arises from cash and cash equivalents with banks and financial institutions. This risk is limited because the counterparties are mainly Canadian banks with high credit ratings. The Company does not enter into derivatives to manage credit risk.

Interest Rate Risk

The Company is subject to interest rate risk since a significant part of the long-term debt bears interest at variable rates.

As at June 30, 2018, the Company has estimated that a one percentage point increase or decrease in interest rates would have caused a corresponding annual increase or decrease in net loss of $0.1 million ($0.1 million impact in 2017).

Equity Market Risk

Equity market risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors the general trends in the stock markets and individual equity movements, and determines the appropriate course of actions to be taken by the Company.

Fair Value

The fair value of cash, trade and other receivable, trade and other payable and accrued liabilities, and factoring liabilities is approximately equal to their carrying values due to their short-term maturity.

The fair value of long-term debt approximates its carrying value as it bears interest at a variable rate and has financing conditions similar to those currently available to the Company.

The fair value of loan receivable approximates its carrying value as the interest rate was established based on market conditions and the interest rates on the market have not changed significantly since the loan was granted.

OUTLOOK

The improving conditions in the mining sector, which began in early 2016, and continued into the first half of 2018 are reflected by increased metals prices and mining company equity valuations compared to late 2015. Despite the decline in metals prices and financing activity to start the second half of 2018, the S&P/TSX Global Mining Index is currently approximately 68% higher than its low in January 2016, and the S&P/TSX Global Gold Index is approximately 30% higher than its low in September 2015. As noted earlier in this report, the general improvement in market conditions since early 2016 resulted in a greater number of mining companies raising capital during this period. Accordingly, a significant number of mining companies have improved their capital positions resulting in increased mineral exploration and mine development spending. Despite the recent declines in metals prices and mining equity valuations, the overall improvement in industry conditions since early 2016 has resulted in increased demand for drilling services. Drill utilization rates began to increase in late 2016 and have continued to improve since then. This has reduced the oversupply of mineral drilling services capacity in the market. Price increases for drilling services typically occur after a rebound in utilization rates and Orbit Garant is now seeing opportunities to increase pricing on new contracts. While Orbit Garant continues to monitor the recent decline in metals prices and mining equity valuations, Management is encouraged by the recent longer-term positive trends and believes that they could continue to have a favourable impact on operations going forward, as senior and intermediate mining companies look to replenish depleting reserves and junior exploration companies strive to identify, or further delineate, new mineral deposits.

An additional positive factor for mining companies operating in Canada is the current lower value of the Canadian dollar relative to the US dollar, as their expenses are typically in Canadian dollars and their revenues are denominated in US dollars. At the time of this report, the value of the Canadian dollar was approximately 0.77 US dollars.

Management is encouraged by the Company's increased business activity both in Canada and its international markets. Management remains focused on maximizing stakeholder value principally by controlling costs, optimizing drill rig utilization, increasing productivity rates, continuing to focus on technology innovation, retaining key personnel, maintaining strong health and safety standards, and evaluating opportunities to further expand Orbit Garant's market presence both in Canada and abroad. Orbit Garant has now established operating subsidiaries in Burkina Faso, Chile, Ghana, Guyana and Peru. In South America, Orbit Garant is currently working on projects in Chile and Guyana. In West Africa, the Company is currently working on projects in Burkina Faso and Ghana. The Company is actively pursuing new opportunities to grow its business in both regions.

Management believes the Company's proprietary computerized monitoring and control drilling technology will increasingly be an important contributor in reducing both labour and consumable drilling costs, enhancing driller productivity rates and improving safety. Orbit Garant currently has 34 drill rigs featuring its computerized monitoring and control technology, all of which are currently deployed on customer projects. These next generation drill rigs have achieved a significant increase in productivity compared to that achieved using conventional drill rigs. Orbit Garant's customers have responded positively to the improved performance and potential of the new drill rigs, which has led to renewals of underground drilling contracts for longer terms.

Orbit Garant will continue to monitor market conditions closely and manage its staff and inventory levels, capital expenditures and balance sheet accordingly. With its sound balance sheet, the Company remains committed to pursuing value-enhancing growth opportunities in Canada and internationally.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The CEO and the CFO of the Company are responsible for establishing and maintaining disclosure controls and procedures (DC&P) for the Company as defined under Multilateral Instrument 52-109 issued by the Canadian Securities Administrators. The CEO and the CFO have designed such DC&P, or caused them to be designed under its supervision, to provide reasonable assurance that information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its certifying officers, as appropriate to allow timely decisions regarding required disclosure.

As at June 30, 2018, the CEO and CFO evaluated the design and operation of the Company's DC&P. Based on that evaluation, the CEO and CFO concluded that the Company's DC&P was effective as at June 30, 2018.

The CEO and the CFO are responsible for designing internal controls over financial reporting ("ICFR") or causing them to be designed under their supervision. The Company's ICFR are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with IFRS.

As discussed above, the inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any, within the Company, have been detected. Therefore, no matter how well designed, ICFR have inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

During Fiscal 2018, Management, including its CEO and CFO, evaluated the existence and design of the Company's ICFR and confirm there were no changes to the ICFR that have occurred during the year which materially affected, or

are reasonably likely to materially affect, the Company's ICFR. The Company continues to review and document its disclosure controls and its ICFR, and may, from time to time make changes aimed at enhancing their effectiveness and to ensure that its systems evolve with the business. As of June 30, 2018, an evaluation was carried out, under the supervision of the CEO and CFO, of the effectiveness of the Company's ICFR as defined in NI 52-109. Based on this evaluation, the CEO and the CFO concluded that the design and operation of these ICFR were effective.

The evaluations were conducted in accordance with the framework and criteria established in Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), a recognized control model, and the requirements of NI 52-109.